

**HB**

**172**

**HFIN**

**FILE**



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# FISCAL NOTE

STATE OF ALASKA  
2003 LEGISLATIVE SESSION

Fiscal Note Number: 1  
 Bill Version: HB 172  
 ( H ) Publish Date: 3/5/03  
 Dept. Affected: Health & Social Services

Revision Date/Time (Note if correction):  
 Title INCOME ELIGIBILITY FOR CERTAIN  
MEDICAID BENEFITS

BRU Medical Assistance  
 Component Medicaid Services

Sponsor RULSE  
 Requester GOVERNOR

Component No. 2077

**Expenditures/Revenues** (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims	( 716.8)	( 2,671.8)	( 4,378.5)	( 6,166.2)	( 8,072.1)	( 10,132.6)
Miscellaneous						
<b>TOTAL OPERATING</b>	<b>( 716.8)</b>	<b>( 2,671.8)</b>	<b>( 4,378.5)</b>	<b>( 6,166.2)</b>	<b>( 8,072.1)</b>	<b>( 10,132.6)</b>

<b>CAPITAL EXPENDITURES</b>						
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<b>CHANGE IN REVENUES (0)</b>						
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FUND SOURCE	(Thousands of Dollars)					
1002 Federal Receipts	( 458.5)	( 1,702.9)	( 2,792.4)	( 3,935.4)	( 5,151.0)	( 6,462.8)
1003 GF Match	( 258.3)	( 968.9)	( 1,586.1)	( 2,230.8)	( 2,921.1)	( 3,669.8)
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other(Specify Type-do not abbreviate)						
<b>TOTAL</b>	<b>( 716.8)</b>	<b>( 2,671.8)</b>	<b>( 4,378.5)</b>	<b>( 6,166.2)</b>	<b>( 8,072.1)</b>	<b>( 10,132.6)</b>

Estimate of any current year (FY2003) cost: \_\_\_\_\_  
 Mark this box (X) if funding for this bill is included in the Governor's FY 2004 budget proposal:

POSITIONS						
Full-time						
Part-time						
Temporary						

**ANALYSIS:** (Attach a separate page if necessary)  
 This bill is intended to reduce Medicaid spending by freezing the income eligibility standard at the 2003 level for individuals whose Medicaid eligibility is determined under the 300% Special Income eligibility category for nursing home or HCB waiver recipients and by freezing the income eligibility standard at what is essentially the 2002 Federal Poverty Guidelines (FPG) for Alaska for the Denali KidCare program for children and pregnant women. See assumptions on the next page.  
 The Governor's FY2004 budget includes a decrement of \$223.0 general fund match.

Prepared by: Jon Sherwood Phone 465-5820  
 Division Manager, Beneficiary Eligibility Policy Unit Date/Time 03/05/2003  
 Approved by: Joel S. Gilbertson, Commissioner Date 03/05/2003  
 Agency Department of Health and Social Services

**FISCAL NOTE  
FN # 1**

**STATE OF ALASKA  
2003 LEGISLATIVE SESSION**

**BILL NO. HB 172**

**ANALYSIS CONTINUATION  
ASSUMPTIONS**

The number of individuals potentially eligible in future years will be significantly reduced. Many will remain eligible in the first year, but since much of the nursing home and waiver population relies heavily on Social Security retirement income, Social Security Disability Insurance payments, and pension programs that use an annual COLA increase, more will lose eligibility in future years as their countable income eventually exceeds the frozen 2003 standard.

FY 2004 savings will be limited by the fact that as we phase in implementation pregnant women who are already eligible continue to be eligible through their pregnancy and post-partum period. Children on DKC will continue to be eligible through their 6 months continuous eligibility period. The impact on the nursing home and HCB waiver populations will not take effect until January 2004.

Annually we anticipate both the FPG and the SSI standard to grow at an average of 2.24%. Assuming an equal distribution of income within each eligibility category, we determined the number of individuals whose income would be expected to be above the frozen standard. This results in the number of eligibles who would no longer be eligible for Medicaid or Denali KidCare.

The following table shows the total REDUCTION OF ELIGIBLES:

	FY04	FY05	FY06	FY07	FY08	FY09
Pregnant Women	31	80	127	174	219	263
Title XXI Children	61	157	250	342	431	519
Special Income	9	17	26	34	42	50
Total	101	254	403	550	692	832

The final fiscal impact is determined by multiplying the number of eligibles by the following average annual expenditures per individual in that eligibility category. The resulting savings are:

**SAVINGS (in thousands):**

	FY04	FY05	FY06	FY07	FY08	FY09
Pg Women	\$ 124.4	\$ 466.6	\$ 806.2	\$ 1,202.7	\$ 1,647.8	\$ 2,155.5
Children	\$ 321.2	\$ 1,143.6	\$ 1,890.0	\$ 2,684.0	\$ 3,506.6	\$ 4,378.3
NH/HCB	\$ 271.2	\$ 1,061.6	\$ 1,682.3	\$ 2,279.5	\$ 2,917.7	\$ 3,598.8
Total	\$ 716.8	\$ 2,671.8	\$ 4,378.5	\$ 6,166.2	\$ 8,072.1	\$ 10,132.6

A federal match rate of 58.39% was used for Pregnant Women and Nursing Home recipients; 70.87% was used for DKC children.

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**POSITIONS**

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Part-time						
Temporary						

**ANALYSIS:** (Attach a separate page if necessary)

This bill is intended to reduce Medicaid spending by freezing the income eligibility standard at the 2003 level for individuals whose Medicaid eligibility is determined under the 300% Special Income eligibility category for nursing home or HCB waiver recipients and by freezing the income eligibility standard at what is essentially the 2002 Federal Poverty Guidelines (FPG) for Alaska for the Denali KidCare program for children and pregnant women. See assumptions on the next page.

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Prepared by: Jon Sherwood Phone 465-5820  
 Division Manager, Beneficiary Eligibility Policy Unit Date/Time 03/05/2003  
 Approved by: Joel S. Gilbertson, Commissioner Date 03/05/2003  
 Agency Department of Health and Social Services

FISCAL NOTE  
FN # 1

STATE OF ALASKA  
2003 LEGISLATIVE SESSION

BILL NO. HB 172

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A federal match rate of 58.39% was used for Pregnant Women and Nursing Home recipients; 70.87% was used for DKC children.



Alaska State Legislature  
HOUSE OF REPRESENTATIVES  
*House Finance Committee*

AGENDA

April 1, 2003 - Tuesday

*Repealed  
Out*  
HB 172 – MEDICAID CHILDREN / PREGNANT WOMEN

Testify:

Joel Gilbertson, Commissioner, Department of Health &  
Social Services,

Chip Wagoner, Alaska Catholic Conference

Teleconference for Questions:

Stacy Kraley, Assistant Attorney General

**Alaska State Legislature**  
**HOUSE OF REPRESENTATIVES**  
*House Finance Committee*

**AGENDA**

**April 1, 2003 - Tuesday**

**HB 172 – MEDICAID CHILDREN / PREGNANT WOMEN**

Testify:

Joel Gilbertson, Commissioner, Department of Health &  
Social Services,

Teleconference Testimony:

Dennis Murray, Heritage Place, Soldotna

Teleconference for Questions:

Stacy Kraley, Assistant Attorney General

House Finance Committee Vote Sheet

DATE: 4/1/

SUBJECT: HB 172

MEMBER

YES

NO

WHITAKER	✓	
CHENAULT	✓	
CROFT		✓
FOSTER	✓	
HAWKER	✓	
JOULE		✓
MEYER	✓	
MOSES	✓	
STOLTZE	✓	
HARRIS	✓	
WILLIAMS	✓	
TOTAL:		

PASSED: 9-2

FAILED: \_\_\_\_\_

House Finance Committee Vote Sheet

DATE:

4/1

SUBJECT:

Amendment 1 HB 172

MEMBER

YES

NO

STOLTZE		✓
WHITAKER		✓
CHENAULT		✓
CROFT	✓	
FOSTER		✓
HAWKER		✓
JOULE	✓	
MEYER		✓
MOSES	✓	
WILLIAMS		✓
HARRIS		✓
TOTAL:		

PASSED:

3-8

FAILED:

*Legal 415  
Maurice*

*Adopted*

23-GH1128VD  
Lauterbach  
3/31/03

**CS FOR HOUSE BILL NO. 172(FIN)**

**IN THE LEGISLATURE OF THE STATE OF ALASKA**

**TWENTY-THIRD LEGISLATURE - FIRST SESSION**

**BY THE HOUSE FINANCE COMMITTEE**

Offered:  
Referred:

Sponsor(s): **HOUSE RULES COMMITTEE BY REQUEST OF THE GOVERNOR**

**A BILL**

**FOR AN ACT ENTITLED**

1 "An Act relating to eligibility requirements for medical assistance for certain children,  
2 pregnant women, and persons in a medical or intermediate care facility; and providing  
3 for an effective date."

4 **BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

5 \* Section 1. AS 47.07.020(b) is amended to read:

6 (b) In addition to the persons specified in (a) of this section, the following  
7 optional groups of persons for whom the state may claim federal financial  
8 participation are eligible for medical assistance:

9 (1) persons eligible for but not receiving assistance under any plan of  
10 the state approved under 42 U.S.C. 1381 - 1383c (Title XVI, Social Security Act,  
11 Supplemental Security Income) or a federal program designated as the successor to the  
12 aid to families with dependent children program;

13 (2) persons in a general hospital, skilled nursing facility, or  
14 intermediate care facility, who, if they left the facility, would be eligible for assistance

1 under one of the federal programs specified in (1) of this subsection;

2 (3) persons under age 21 who are under supervision of the department,  
3 for whom maintenance is being paid in whole or in part from public funds, and who  
4 are in foster homes or private child-care institutions;

5 (4) aged, blind, or disabled persons, who, because they do not meet  
6 income and resources requirements, do not receive supplemental security income  
7 under 42 U.S.C. 1381 - 1383c (Title XVI, Social Security Act), and who do not  
8 receive a mandatory state supplement, but who are eligible, or would be eligible if  
9 they were not in a skilled nursing facility or intermediate care facility to receive an  
10 optional state supplementary payment;

11 (5) persons under age 21 who are in an institution designated as an  
12 intermediate care facility for the mentally retarded and who are financially eligible as  
13 determined by the standards of the federal program designated as the successor to the  
14 aid to families with dependent children program;

15 (6) persons in a medical or intermediate care facility whose income  
16 while in the facility does not exceed \$1.656 a month [300 PERCENT OF THE  
17 SUPPLEMENTAL SECURITY INCOME BENEFIT RATE UNDER 42 U.S.C. 1381  
18 - 1383C (TITLE XVI, SOCIAL SECURITY ACT)] but who would not be eligible for  
19 an optional state supplementary payment if they left the hospital or other facility;

20 (7) persons under age 21 who are receiving active treatment in a  
21 psychiatric hospital and who are financially eligible as determined by the standards of  
22 the federal program designated as the successor to the Aid to Families with Dependent  
23 Children program;

24 (8) persons under age 21 and not covered under (a) of this section, who  
25 would be eligible for benefits under the federal program designated as the successor to  
26 the aid to families with dependent children program, except that they have the care and  
27 support of both their natural and adoptive parents;

28 (9) pregnant women not covered under (a) of this section and who  
29 meet the income and resource requirements of the federal program designated as the  
30 successor to the aid to families with dependent children program;

31 (10) persons under age 21 not covered under (a) of this section who the

1 department has determined cannot be placed for adoption without medical assistance  
2 because of a special need for medical or rehabilitative care and who the department  
3 has determined are hard-to-place children eligible for subsidy under AS 25.23.190 -  
4 25.23.220;

5 (11) persons who can be considered under 42 U.S.C. 1396a(e)(3) (Title  
6 XIX, Social Security Act, Medical Assistance) to be individuals with respect to whom  
7 a supplemental security income is being paid under 42 U.S.C. 1381 - 1383c (Title  
8 XVI, Social Security Act) because they meet all of the following criteria:

9 (A) they are 18 years of age or younger and qualify as disabled  
10 individuals under 42 U.S.C. 1382c(a) (Title XVI, Social Security Act);

11 (B) the department has determined that

12 (i) they require a level of care provided in a hospital,  
13 nursing facility, or intermediate care facility for the mentally retarded;

14 (ii) it is appropriate to provide their care outside of an  
15 institution; and

16 (iii) the estimated amount that would be spent for  
17 medical assistance for their individual care outside an institution is not  
18 greater than the estimated amount that would otherwise be expended  
19 individually for medical assistance within an appropriate institution;

20 (C) if they were in a medical institution, they would be eligible  
21 for medical assistance under other provisions of this chapter; and

22 (D) home and community-based services under a waiver  
23 approved by the federal government are either not available to them under this  
24 chapter or would be inappropriate for them;

25 (12) disabled persons, as described in 42 U.S.C.  
26 1396a(a)(10)(A)(ii)(XIII), who are in families whose income, as determined under  
27 applicable federal regulations or guidelines, is less than 250 percent of the official  
28 poverty line applicable to a family of that size according to the federal Office of  
29 Management and Budget, and who, but for earnings in excess of the limit established  
30 under 42 U.S.C. 1396d(q)(2)(B), would be considered to be individuals with respect to  
31 whom a supplemental security income is being paid under 42 U.S.C. 1381 - 1383c; a

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person eligible for assistance under this paragraph who is not eligible under another provision of this section shall pay a premium or other cost-sharing charges according to a sliding fee scale that is based on income as established by the department in regulations;

(13) persons under age 19 who are not covered under (a) of this section and whose household income does not exceed

(A) \$1.847 a month if the household consists of one person:

(B) \$2.489 a month if the household consists of two persons:

(C) \$3.130 a month if the household consists of three persons:

(D) \$3.772 a month if the household consists of four

persons:

(E) \$4.414 a month if the household consists of five persons:

(F) \$5.055 a month if the household consists of six persons:

(G) \$5.697 a month if the household consists of seven persons:

(H) \$6.339 a month if the household consists of eight

persons:

(I) \$6.339 a month, plus an additional \$642 a month for each extra person above eight persons who is in the household if the household consists of nine persons or more [200 PERCENT OF THE FEDERAL POVERTY GUIDELINE AS DEFINED BY THE FEDERAL OFFICE OF MANAGEMENT AND BUDGET AND REVISED UNDER 42 U.S.C. 9902(2)];

(14) pregnant women who are not covered under (a) of this section and whose household income does not exceed

(A) \$2.489 a month if the household consists of two persons: a pregnant woman in a household alone is considered to be a household of two persons:

(B) \$3.130 a month if the household consists of three persons:

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(C) \$3,772 a month if the household consists of four

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(D) \$4,414 a month if the household consists of five persons:

(E) \$5,055 a month if the household consists of six persons:

(F) \$5,697 a month if the household consists of seven

persons:

(G) \$6,339 a month if the household consists of eight

persons:

(H) \$6,339 a month, plus an additional \$642 a month for each extra person above eight persons who is in the household if the household consists of nine persons or more [200 PERCENT OF THE FEDERAL POVERTY LINE AS DEFINED BY THE FEDERAL OFFICE OF MANAGEMENT AND BUDGET AND REVISED UNDER 42 U.S.C. 9902(2)].

\* Sec. 2. AS 47.07.042(d) is amended to read:

(d) In addition to the requirements established under (a) and (b) of this section, the department may require premiums or cost-sharing contributions from recipients who are eligible for benefits under AS 47.07.020(b)(13) and whose household income is greater than the applicable amount set out in (e) of this section [BETWEEN 150 AND 200 PERCENT OF THE FEDERAL POVERTY GUIDELINE]. If the department requires premiums or cost-sharing contributions under this subsection, the department

(1) shall adopt in regulation a sliding scale for those premiums or contributions based on household income;

(2) may not exceed the maximums allowed under federal law; and

(3) shall implement a system by which the department or its designee collects those premiums or contributions.

\* Sec. 3. AS 47.07.042 is amended by adding a new subsection to read:

(e) In (d) of this section, the term "applicable amount" means

(1) \$1,385 a month if the household consists of one person;

(2) \$1,867 a month if the household consists of two persons; a

- 1 pregnant woman in a household alone is considered to be a household of two persons;
- 2 (3) \$2,348 a month if the household consists of three persons;
- 3 (4) \$2,829 a month if the household consists of four persons;
- 4 (5) \$3,310 a month if the household consists of five persons;
- 5 (6) \$3,792 a month if the household consists of six persons;
- 6 (7) \$4,273 a month if the household consists of seven persons;
- 7 (8) \$4,754 a month if the household consists of eight persons;
- 8 (9) \$4,754 a month, plus an additional \$482 a month for each extra
- 9 person above eight persons who is in the household if the household consists of nine
- 10 persons or more.

11 \* **Sec. 4.** This Act takes effect July 1, 2003.

*Failed*

AMENDMENT 1

OFFERED IN HOUSE FINANCE COMMITTEE  
BY REPRESENTATIVE CROFT

TO: HOUSE BILL NO. 172

Insert a new section:

Sec. 5. This Act is repealed two years after the effective date of this Act.

HB 172



FRANK H. MURKOWSKI  
GOVERNOR

GOVERNOR@GOV.STATE.AK.US

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JUNEAU, ALASKA 99811-0001  
(907) 465-3500  
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STATE OF ALASKA  
OFFICE OF THE GOVERNOR  
JUNEAU

March 5, 2003

The Honorable Pete Kott  
Speaker of the House  
Alaska State Legislature  
State Capitol, Room 208  
Juneau, AK 99801-1182

Dear Speaker Kott:

Under the authority of article III, section 18, of the Alaska Constitution, I am transmitting a bill to "freeze" income levels for eligibility for Denali Kid Care and for Medicaid under the special income limit for nursing homes and home and community based waiver services.

Under current law, income standards for these eligibility categories increase every year by the amount of cost-of-living adjustments to the Supplemental Security Income (SSI) program or the federal poverty guidelines. This bill will eliminate these annual cost-of-living adjustments and put in statute fixed dollar income levels for these programs based on the SSI standard that became effective on January 1, 2003 or the federal poverty guideline for Alaska that became effective on April 1, 2002.

The next cost-of-living adjustment for Denali KidCare is scheduled to become effective on April 1, 2003. Therefore upon the July 1, 2003 effective date of this bill eligibility levels will be rolled-back by the 1.4% cost-of-living allowance implemented on April 1, 2003. For example, income eligibility for a family of three with children on Denali Kid Care will decrease from \$3,179 per month to \$3,130 per month on July 1, 2003.

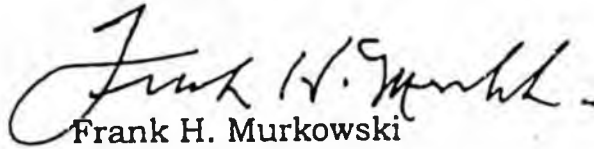
The number of persons who lose eligibility on July 1, 2003 by virtue of this provision cannot be estimated with precision; but should be very small. For example pregnant women who establish eligibility between April 1, 2003 and June 30, 2003 will remain eligible for nine months notwithstanding the passage of this legislation.

The Honorable Pete Kott  
March 5, 2003  
Page 2

While the cost savings associated with this bill are modest in the short-term; this measure will significantly reduce future year costs. In this time of fiscal austerity, I believe this proposal strikes the appropriate balance between maintaining health care coverage for lower income Alaskans while also addressing our need for fiscal restraint.

I urge your prompt and favorable action on this measure.

Sincerely,

A handwritten signature in cursive script, appearing to read "Frank H. Murkowski".

Frank H. Murkowski  
Governor

# STATE OF ALASKA

## DEPT. OF HEALTH AND SOCIAL SERVICES

OFFICE OF THE COMMISSIONER

FRANK H. MURKOWSKI, GOVERNOR

P.O. BOX 110601  
JUNEAU, ALASKA 99811-0601  
PHONE: (907) 465-3030  
FAX: (907) 465-3068

March 20, 2003

Honorable Bill Williams  
Co-Chair  
House Finance Committee  
Alaska State Capitol, Rm. 515  
Juneau, AK 99811

Dear Representative Williams,

The Department of Health and Social Services respectfully requests a hearing in the House Finance Committee on House Bill 172 "An Act relating to eligibility requirements for medical assistance for certain children, pregnant women, and persons in a medical or intermediate care facility; and providing for an effective date."

This bill would "freeze" income levels for eligibility for Denali Kid Care and for Medicaid under the special income limit for nursing homes and home and community based waiver services.

Under current law, income standards for these eligibility categories increase every year by the amount of cost-of-living adjustments to the Supplemental Security Income (SSI) program or the federal poverty guidelines. This bill will eliminate these annual cost-of-living adjustments and put in statute fixed dollar income levels for these programs based on the SSI standard that became effective on January 1, 2003 or the federal poverty guideline for Alaska that became effective on April 1, 2002.

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While the cost savings associated with this bill are modest in the short-term; this measure will significantly reduce future year costs. A fiscal note should already be on file with the committee.

Your favorable consideration of this request would be appreciated.

Sincerely,

Elmer A. Lindstrom  
Special Assistant to the Commissioner

Cc: Mike Tibbles, Legislative Director  
Office of the Governor

Virginia Stonkus, Acting Director  
Division of Medical Assistance